

IRS News Release

Media Relations Office

Washington, D.C.

Media Contact: 202.622.4000

www.irs.gov/newsroom

Public Contact: 800.829.1040

Free File Usage Tops 2 Million

IR-2007-59, March 14, 2007

WASHINGTON — The Internal Revenue Service reminds taxpayers to take advantage of Free File, which allows most taxpayers to electronically file their tax returns at no cost through IRS.gov. Through March 13, almost 2.6 million taxpayers have electronically filed their returns using Free File.

Seventy percent of U.S. taxpayers are eligible for Free File since they have an adjusted gross income of \$52,000 or less. Free File can only be accessed through IRS.gov. The program is a partnership between the IRS and the Free File Alliance, a group of private sector tax preparation companies.

Free File is part of the IRS e-file program. Through early March, the number of overall e-filed returns increased by about 5 percent. And returns prepared on home computers — which include free file returns — jumped by 8 percent. For the Free File program alone, nearly 2.6 million taxpayers used the program, about a 4 percent drop from the nearly 2.7 million who used it during the same period last year. While Free File started out slowly this year, returns in recent weeks are now topping comparable weeks from last year, and the IRS expects the program to equal or surpass last year's numbers by the end of the filing season.

"Several factors are behind Free File usage this year. It started out slowly, but the numbers are increasing each week. We believe some Free File users are switching over to other parts of our e-file program, which continues to grow this year," said IRS Commissioner Mark W. Everson. "Taxpayers shouldn't overlook Free File, because we've made major improvements to the program this year."

The IRS reminds taxpayers that this year's Free File has major changes from the year before. Gone are sales pitches for refund anticipation loans and other products. Not only that, it's easier to find which Free File tax software company best suits the taxpayer by using the enhanced "Guide Me to a Company" wizard available on IRS.gov.

Several indicators show customer satisfaction for Free File continues to be high. One such indicator, the number of customer service inquiries, occurs on less than 1/10th of 1 percent of total Free File returns.

Taxpayers have consistently given high marks to Free File in satisfaction surveys. According to Russell Research, a market research firm contracted by the IRS, 96 percent said they found Free File very easy or somewhat easy to use, and 97 percent said they would recommend Free File to others. Convenience, not the free cost, was the most appealing factor of Free File.

Accessing Free File is easy. Just go to IRS.gov, click "2007 Free File" on the home page and click "Start Now" on the Free File landing page. Taxpayers will see the "Guide Me to a Company" button. When they click it, the wizard will ask a few questions to determine which of the 20 participating tax software companies best fulfill the taxpayer's needs, such as the ability to file state returns in the taxpayer's state.

Taxpayers can use Free File to take advantage of recent tax changes. For example, users can request their telephone excise tax refund through Free File. This refund is only available this year. Taxpayers can also try one of the IRS's newest features: split refunds. It allows taxpayers to directly deposit their refunds in up to three financial accounts.